

COMMENTS OF BILL HOTCHKISS  
MB Docket 06-189; FCC 06-154

My name is Bill Hotchkiss. I am the General Manager of Huxley Communications Corp., which provides CATV service to eight small communities situated between Ames and Des Moines in central Iowa. We currently provide service to 1,377 CATV customers, which represent approximately 55% of the homes we pass. In two of these communities, we compete against MediaCom. We currently charge \$35.00 for expanded basic and, in five of the communities we serve we offer a basic digital package for an additional \$15.00. MediaCom charges about the same rates for similar services where they compete with us. In neighboring communities where they do not have competition, their rates are approximately \$12.00 higher. We purchase as much programming as possible through the National Cable Television Cooperative. Though this provides substantial savings for us, programming costs still consume approximately 55% of every dollar we receive from our customers.

A couple of years ago, we decided to provide digital cable service through the HITS Quick Take option. The manufacturer of the set top boxes for this service stopped making those boxes about a year ago. They promised they would have the replacement boxes available by the middle of the year and they would include the capability of providing high definition television. The year is about over, the boxes are still not available and the new boxes will not be capable of providing high definition. We are currently looking at various options, including IPTV, but all options available to us seem to be on the way to becoming obsolete. We will probably settle on the full blown HITS option and hope it will not be outdated before we can get it installed.

I know there is a lot of talk of forcing cable companies like ours to provide more customer options through selective tiers or even al-a-carte. I would like to offer tiers and/or al-a-carte. Currently, about half of our programming costs are consumed by sports programming. If we could remove sports programming from our expanded basic service and place it on a tier, people, like me, who are not sports fans, could receive their programming for significantly less. However, unless programmers are required to offer us revised contracts, this will greatly increase the cost to our subscribers for fewer channels. Our current contracts with programmers require us to provide programming to 80 to 90% of our expanded basic customers. If we don't meet this requirement, our cost per customer increases. We have one contract that will quadruple our rate per customer if we deliver the programming to less than 30% of our expanded basic subscribers. Many of our contracts specifically state that we are not allowed to place their programming on a tier or offer their programming al-a-carte.

As a small service provider, we have no ability to change these requirements. Our thousand subscribers are irrelevant to the programmers.

We currently have seven local channels broadcasting in our area. Three of those, including the public television network, have chosen must carry. As a requirement of retransmission consent, we are paying for three. In another case we are required to carry up to three non-broadcast channels to receive one broadcast channel through retransmission consent or pay a substantial rate per customer. A new digital only broadcast channel has just commenced operation. They have requested must carry. At the first of the year, retransmission consent increased our cost by about \$1.00 per subscriber. We have passed past this cost on to our customers.

Huxley Communications Corp. is the wholly own subsidiary of Huxley Communications Cooperative, a provider of voice and data services. We offer a bundle of local, long distance, internet and video service for 15% savings. We provide our services over a combination of fiber/coax and fiber to the home.

Thank you for the opportunity to make these comments.

Bill Hotchkiss  
Manager – Huxley

Communications